Item No: B2

By:	Chief Executive
To:	Kent and Medway Fire and Rescue Authority - 13 February 2013
Subject:	DRAFT REVENUE AND CAPITAL BUDGETS 2013/14 AND DRAFT MEDIUM TERM FINANCIAL PLAN 2013-16
Classification:	Unrestricted

FOR DECISION

SUMMARY

This report presents for Members' approval the Draft Revenue and Capital Budgets (including the consolidated Infrastructure Plan) and Council Tax levels for the 2013/14 financial year. The report builds on information presented both to the Audit and Governance Committee on 20 November 2012 and the Authority meeting held on 18 December 2012, and reflects the proposals contained in the Integrated Risk Management Plan. The report also includes for Members' approval the Treasury Management and Investment Strategy for 2013/14, Prudential Indicators, and the assumptions used in developing the Medium Term Financial Plan for 2013-16.

The key proposals that are presented to Members for consideration and approval are:

- No increase in Council Tax so that Band D Council Tax remains at £67.95;
- A budget decrease of 3.4% (£2,482k);
- Growth, pay and price increases of 2.6% (£1,935k);
- Savings equivalent to 7.2% (£5,285k).

RECOMMENDATIONS

Members are requested to:

1. Approve the transfer of the 2012/13 revenue budget underspend, currently forecast to be £959k, to the Infrastructure Reserve (para 3 and **Appendix 4** refer).

2. Approve a total requirement from Council Tax of £38,263k to be raised through the precept to meet the 2013/14 budget requirement (para 17 and Table 3 refer).

LEAD/CONTACT OFFICER: Director, Finance and Corporate Services - Charles Kerr
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BACKGROUND PAPERS: None

3. Approve the Council Tax as set out below for the listed property bands (paras 14, 18 and Table 4 refer).

Council tax Band	Annual Council tax
A	£45.30
B	£52.85
C	£60.40
D	£67.95
E	£83.05
F	£98.15
G	£113.25
H	£135.90

4. Approve the revenue budget proposals and the resulting net budget requirement for 2013/14 of £70,936k (paras 23, 24 and **Appendix 1** refer).

5. Approve the Capital Budget of £12,484k and consolidated Infrastructure Plan for 2013/14, together with the plans to use capital grant, capital receipts and revenue contributions to fund the expenditure (paras 25, 26 and **Appendix 1** refer).

6. Approve the Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paras 27, 28 and **Appendix 3** refer).

7. Approve the maintenance of General Reserves at a level equivalent to 6% of the net revenue budget over the medium term (para 34 and **Appendix 4** refer).

8. Approve the transfer of £160k from General Reserves into the new Insurance Reserve on 1 April 2013 and the creation of the new Local Government Resource Review Reserve (£500k) (paras 9, 12 and 34 refer).

9. Approve the Capital and Infrastructure Plans for the next three years (para 36 and **Appendix 1** refer).

10. Approve the assumptions being used to develop the medium term revenue financial plans for 2013 - 2016 (para 36 and **Appendix 1** refer).

COMMENTS

Background

1. This year's budget report is presented in a new format with the main details of the budget and Medium Term Financial Plan (**Appendix 1** to this report) contained in a 'Budget Book' which is enclosed as a separate document. This follows the practice of other authorities and has allowed this covering report to be shorter and more focused. As in previous years the report is also accompanied by a number of appendices which contain more detail in support of the recommendations relating to the levels of reserves and the Authority's borrowing and investments.

Forecast Outturn for the 2012/13 Financial Year

2. The latest forecast of the revenue budget year end position is an underspend of £959k. There is still some time to go before the financial year closes and so this figure is liable to change. However, it reflects the cost conscious behaviour of the Authority's budget managers who are actively encouraged to avoid any unnecessary expenditure and save money wherever possible. The main underspendings have arisen across a number of headings, but most notably in organisational development and in the provision of supplies and services, such as professional fees.

3. As in previous years it is proposed that any underspend should be used to support one-off costs, and so Members are asked to approve the transfer of the final revenue underspend for 2012/13 to the Infrastructure Reserve, to support the station build programme.

4. On the capital budget, minor variances continue to occur but forecasting indicates that the £9.5m will be spent, having slipped £1.7m of expenditure in relation to the station build programme to 2013/14. As a word of caution it should be recognised that some elements of this spend are beyond the Authority's control, such as land purchases for new fire stations, and consequently this could result in further slippage into next year.

The Provisional Financial Settlement 2013/14

5. The 2013/14 financial year heralds one of the most significant changes to the local government finance system in decades and reflects a shift in financial autonomy away from central government. Although there will be benefits from the ability to encourage economic growth, local authorities will need to ensure adequate arrangements are also in place to manage the transfer of financial risk that accompanies these changes.

6. Being the first year of transition from the old to the new system, the 2013/14 settlement is extremely complex. **Appendix 1** to this report discusses in detail the main elements used by Government in the process of developing the Authority's position. However the key points are as follows:-

(a) **Start-up Funding Assessment –** Distribution of the grant for 2013/14 is through the calculation of the Authority's Start-up Funding Assessment which represents its share of the Local Government spending control total and comprises its Revenue Support Grant and Baseline Funding Level. This assessment is made by applying the 2012/13 formula grant process to the 2013/14 spending control totals. Damping mechanisms are used to create floors which limit change from the 2012/13 grant levels. Other grants such as the 2011/12 Council Tax Freeze grant are also rolled in at this point.

(b) **Baseline Funding Level –** This element of the Start-up Funding Assessment is the Authority's share of the business rates which will be retained locally based on overall estimates of business rates nationally. The Government has predetermined that 50% of business rates will be retained locally with the balancing 50% returned to local authorities as Revenue Support Grant.

(c) **Revenue Support Grant –** In simple terms this is the difference between the Start-up Funding Assessment and the Baseline Funding Level.

(d) **Tariff and Top-up Amounts –** At an early stage it was decided that all fire and rescue authorities (FRAs) would receive Top-up Amounts from the Government. This is because it has been agreed that collecting authorities will only pay FRAs 2% of the rates retained locally. As this will be below the Baseline Funding Level the balance will be made up by the Government as a Top-Up Amount.

7. Details of the formula grant calculation are set out in **Table 1.** The way this is met through Revenue Support Grant, Business Rates and Top-up Amounts is contained in **Table 2**.

Table 1 - Start-up Funding Assessment (old Formula Grant Calculation)

	2012/13 £'000	**2013/14 £'000**	**2013/14 £'000**	**2013/14 £'000**
		(Final)	(Difference)	% Change
Relative Needs Amount	6,079	5121	-958	-15.8%
Less Relative Resource Amount	-3,967	-4,983	-1,016	25.6%
Plus Central Allocation	27,208	26,301	-907	-3.3%
Less Damping Reduction	-595	-347	248	-41.7%
Total	**28,725**	**26,092**	**-2,633**	**-9.2%**
Plus CT Freeze Grant 11/12	1,079	1,079	0	0.0%
Grand Total	**29,804**	**27,171**	**-2,633**	**-8.8%**

Table 2 – Funding Sources under the New System			
	£'000	**£'000**	**£'000**
Revenue Support Grant (RSG)			
Formula Funding		15,668*	
Council Tax Freeze Grant 11-12		648	
Council Tax Support Funding		3,254	
Sub total - RSG			**19,570**
Baseline Funding Level			
Individual Authority Business Rates Baseline	5,902		
Top-Up	4,482		
Sub total - Formula Funding		**10,384***	
Council Tax Freeze Grant 11-12		431	
Council Tax Support Funding		2,164	
Sub total – Baseline Funding Level			**12,979**
Total Start-up Funding Assessment			**32,549**
Note:			
Safety Net Trigger (7.5% of £13,019k)			976

Note* - These equate to £26,092k as shown in the previous table, less £40k adjustment to reflect the forecast business rates to be collected.

8. **Benefits and Risks associated with the new finance system** – The largest benefit could arise from encouraging economic growth within Kent and Medway thereby increasing the business rates tax base. Under the new arrangements, local authorities will be allowed to keep at least 25p for each pound of business rate generated.

9. **Safety Net** - As stated earlier, the new system represents a significant transfer of risk to local government. This could arise from fluctuations in the tax base as a result of appeals, reductions in growth or collection fund deficits. To assist local authorities, the Government has set a safety net threshold of 7.5% which guarantees authorities 92.5% of their original Baseline Funding Level. For this Authority, 7.5% would equate to £976k. To provide some cover for this potential shortfall and that identified in paragraph 12 overleaf, Members are asked to approve the creation of a new earmarked reserve (£500k).

10. **System reset** - In the longer term the Government will continue to manage local government expenditure by setting the overall spending control total. However, it does not plan to revisit the formula grant element of the calculation until 2020. Therefore any major shift in resource or needs equalisation will not be reflected in subsequent years' settlements for some years to come. This aspect of the new arrangements was commented on in the Authority's response to the consultation on the settlement which was dealt with as urgent business following discussions with the Chairman and Vice-Chairman. A copy is attached at **Appendix 2.**

11. In conclusion, local government has argued for a long time for greater financial autonomy and as with any change it will take some years to settle down. In future, FRAs will have to learn to adjust to the new system and manage the level of uncertainty which accompanies it.

Council Tax for 2013/14

12. **Council Tax Benefit Localisation** – As well as the changes to the local government finance system, the Government has also transferred responsibility for developing Council Tax Benefit Schemes to local authorities. This has affected the Authority in a number of ways but a major factor has been a 10% reduction in the Government grant for Council Tax benefits. As with the new arrangements for retaining business rates, this change is also complex and makes calculation of the Council Tax Base, and therefore precept, more difficult. In a similar vein, whereas in past years there was absolute certainty about the amount of precept income received from business rates, this is no longer the case. The proposed new earmarked reserve will help to mitigate against both business rate and Council Tax losses (see paragraph 9).

13. **Council Tax Freeze Grant for 2013/14** - In 2011/12 the Government provided a Council Tax freeze grant, equivalent to a 2.5% increase in Council Tax, to those authorities who froze their Council Tax increases at 2010/11 levels. This grant is payable each year at the same cash level (£1,079k for this Authority) . After the first year the new grant was assimilated into the formula grant settlement, and will continue to be funded through this mechanism in each of the next three years, until 2014/15. A further Council Tax freeze grant of 3% was then available to FRAs (£1.3m for this Authority) if they continued to keep a freeze on the Council Tax increase in 2012/13, but this was payable only for one year.

14. On 20 December 2012 the Government wrote to all authorities to confirm that, for a third consecutive year, it would be making available a grant to those local authorities who chose to freeze their Council Tax bills for a further financial year. This would equate to a 1% (£438k for this Authority) increase in Council Tax levels, which would be payable in both 2013/14 and 2014/15. However, whilst the Government is strongly urging local authorities to accept this grant, some authorities may choose to increase their Council Tax rather than accept the grant. For those authorities that do increase their Council Tax, a 2% limit will apply. If a local authority wishes to increase its Council Tax by more than 2%, it will have to obtain approval from the local electorate through a referendum. However, this report asks Members to agree to freeze the Authority’s Council Tax at the current level for a further year.

15. **Council Tax Consultation** - As in recent years the Council Tax consultation was undertaken as part of the consultation on the draft Integrated Risk Management Plan (IRMP) which was approved by the Authority at its meeting on 17 October 2012. Whilst the Council Tax consultation focused on the proposal not to increase Council Tax for a third consecutive year and to take advantage of the Council Tax freeze grant available,

consultees were also asked to comment on the option to increase the Council Tax by either 1% or 2%.

16. The process for consulting on the level of Council Tax is described elsewhere on the agenda. The total number of all respondents that responded specifically to the Council Tax question was 234. Out of that total, 86 (37%) people were in agreement with the proposal to freeze Council Tax for a third consecutive year, with a fairly even split of 31% and 32% agreeing to the option of increasing Council Tax by 1% and 2%, respectively.

17. The Medium Term Financial Plan (MTFP) at **Appendix 1** expands on how the Council Tax is calculated. The financial impact of the Council Tax changes, assumed collection rates and freezing Council Tax for 2013/14 at the 2012/13 levels, is shown in **Table 3** below.

Table 3 - Calculation of Council Tax 2013/14	**£'000**
Net Budget Requirement 2013/14	**70,936**
Financed from:	
Collection Fund Surplus	124
Formula Grant	27,131
Council Tax Grant	5,418
Precept Requirement from Council tax	**38,263**
Total Funds	**70,936**
Tax rate for Band D property 2013/14	£67.95
Tax rate for Band D property 2012/13	£67.95
Increase in Band D charges	0.00%

18. The Council Tax for other property bands is calculated as a fixed proportion to Band D. The 2013/14 Council Tax proposed to be levied by the Authority for all other bands can be seen in **Table 4** below.

Table 4 - The KMFRA Share of Council Tax Per Property Band for 2013/14

	Band							
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Proportion of Band D	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9
Annual Charge	£45.30	£52.85	£60.40	£67.95	£83.05	£98.15	£113.25	£135.90

The 2013/14 Revenue Budget

19. **National context** - The Government's primary focus continues to be the economy and the reduction of the structural deficit. Prospects of an economic recovery still remain low and uncertainties still remain across the Eurozone.

20. The 2013/14 financial settlement continues to reflect the expected reductions identified in the 2010 Comprehensive Spending Review (CSR). The Autumn Statement in December 2012 highlighted the need for further reductions to public spending, resulting in an additional 2% cut to the financial grant funding in 2014/15 above that previously expected. Provisional grant funding cuts for this Authority (excluding the Council Tax freeze grant in relation to 2011/12) are 9.2% and 7.7% for 2013/14 and 2014/15 respectively, with further reductions expected in 2015/16, 2016/17 and 2017/18.

21. **Local Context** – It is crucial to ensure that plans are sustainable and deliverable over the medium to long term, and this has always been a prerequisite for this Authority. Drastic cliff-edge reductions are not sustainable and in the long term are not an effective way of securing savings and efficiencies. The only way that savings are sustainable is to ensure that the development of the MTFP is business-focused and service-led. An integral part of this is the IRMP which sets out the long term service objectives of the Authority and details plans for how they are to be achieved. This includes the requirement to generate further savings to facilitate re-investment in service priorities to support the delivery of the 'Towards 2020' programme.

22. The proposals contained within this report have been drawn up with these requirements in mind, and represent realistic financial estimates that will enable the Authority's plans and commitments to be afforded.

23. **Development of the 2013/14 Revenue Budget** - As in previous years, the Authority's budget has been developed using an incremental approach, where the impact of pay and price increases, the additional growth needed for new demands, and the outcome of savings activities are measured against the existing base revenue budget. Expenditure that is to be funded from grants or reserves may vary from year to year. Grant and Reserve funded expenditure does not affect the amount of the net revenue budget to be met from Council Tax but does impact on gross spending. The detail of the changes made to the base revenue budget and the additional expenditure funded from grants and reserves are set out in the 'Budget Book' at **Appendix 1**. As a result of these changes a net revenue budget of £70,936k is presented for Members' approval.

24. A summary of the draft budget proposals are shown in **Table 5** below. This shows the key changes between 2012/13 and 2013/14. Full details of the budget build assumptions are contained in the Budget Book at **Appendix 1.**

Table 5 - Revenue Budget 2013/14	
	£'000
Base budget brought forward	73,418
Pay, Prices and Pressures	1,935
Savings	-5,285
Council tax freeze grant – re 12/13	1,306
Council tax freeze grant - re 13/14	-438
Net budget	**70,936**
Net change	-2,482
Net change %	-3.4%
Budget funded by:	
Formula grant	27,131
Council tax grant	5,418
Council tax	38,263
Council tax surplus	124
Total funding	**70,936**
Council tax base	563,108
Band D council tax	£67.95
Net change from previous year	£0.00
Net change %	0%

The 2013/14 Capital and Consolidated Infrastructure Budget

25. **Capital Grant** - Members may recall that in July 2012 the Authority submitted a bid for funding in relation to six capital projects, which were to be completed over the 2013/14 and 2014/15 financial years. The Government had invited FRAs to bid against the £140m capital funding allocation that had been set aside for the 2013/14 and 2014/15 financial years. On 19 December 2012 the Authority was advised that it had only been successful in gaining funding for one of the bids (Response Cars: £373k). In total the Government had allocated £38m through the bidding process, with the remaining £102m being distributed on a population basis (£1.4m in each year for this Authority). Further details of the capital programme are set out in the 'Budget Book' at **Appendix 1**.

26. The Infrastructure Programme aims to consider, in one plan, the management and funding of the Authority's assets which in the main comprise vehicles, property, information systems and operational equipment. This plan contains projects that are funded from both revenue and capital resources. The draft Capital Budget for 2013/14 totals £12,484k and includes a new station build programme. Details of the Capital Budget and the Infrastructure Plan (including both revenue and capital projects) for 2013/14 are shown in the 'Budget Book' at **Appendix 1.**

Annual Treasury Management Statement and Investment Strategy

27. The CIPFA Treasury Management Code and the Guidance on Local Government Investments, issued by the Secretary of State under Section 15(1) (a) of the Local

Government Act 2003, requires the Authority to approve an annual Treasury Management Strategy and an annual Investment Strategy.

28. To comply with these requirements, a combined Treasury Management and Investment Strategy is presented at **Appendix 3** for Members' approval. The strategy outlines the approach to the Authority's treasury management and investment activities, defines the limits for borrowing and investment activities for the financial year 2013/14, and includes those prudential indicators which are required as part of the Prudential Code and the Treasury Management Code. These indicators, which Members are asked to approve, are detailed in **Appendix 3** and relate to prudence, affordability, capital expenditure, limits for external debt, interest rate exposures, and the maturity structure of borrowing and long-term investments. The Authority's performance against these indicators is monitored and reported on throughout the year.

29. The final annual report for 2012/13 in respect of the performance of treasury management and investment activities will be presented to the Audit and Governance Committee meeting on 27 June 2013. However **Table 6** below details the position as at 31 December 2012.

Table 6 Treasury Position as at 31 December 2012	**£'000**
Long term borrowing – PWLB*	**6,540**
Cash at bank	52
Cash deposits - DMO	25,865
Cash deposits - Nat West	1,400
Cash deposits – Lloyds TSB	2,000
Total cash resources and deposits	**29,317**

* The sum of £525k is due to be repaid on 10 February 2013

30. **Long Term Borrowing** - In line with the current Treasury Management Strategy the Authority has continued to utilise cash balances rather than borrow. As at 31 March 2013 the Authority plans to have utilised £4,536k of cash balances, saving £34k of interest costs, rather than borrow from the Public Works Loan Board. This not only saves on interest charges but minimises the risk of counterparty loss.

31. **Investment Returns** - Due to the continuing economic difficulties and constraints being seen across many parts of the world, but in particular in Europe, the Authority has maintained its risk-averse Investment Strategy during 2012/13. It currently invests surplus funds in the two call accounts in accordance with the counterparty limits in the Investment Strategy, with the remaining surplus funds being invested with the Debt Management Office (DMO) which pays interest of 0.25%. The average rate of interest earned to 31 December was 0.28%. This compares with the average 7-day London

Interbank Bid Rate (LIBID) which was 0.36% for the same period. The main objectives for investments continue to be security of capital and liquidity of funds, with yield being a far lower priority. The current forecast for interest receivable for 2012/13 is now £87k.

32. **Icelandic Bank Deposits** - The original exposure in relation to the Icelandic banks was £1.34m. To date repayments totalling £855k have been received, leaving £485k still to be recovered. Current forecasts indicate that £44k is unlikely to ever be recovered.

33. Currently a provision of £334k has been set aside within the accounts for any potential loss in relation to the deposits. Given that the outstanding balance at 31 March 2013 will be £485k, it is suggested that it is still prudent to retain the existing provision, until such time that the debt outstanding falls below that provision.

Risk Assessment of Reserves and Balances

34. Section 32 of the Local Government Finance Act 1992 specifies that precepting authorities, such as this Authority, must have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement. Members have previously agreed that the Authority should aim to keep general reserves at a level equivalent to 6% of the net revenue budget. Consequently, given the proposed reduction in the overall revenue budget for 2013/14, maintaining the level of 6% would necessitate a reduction of £160k in the general reserves balance. If Members wish to continue with the strategy of a 6% (£4.2m) general reserves level, then it is proposed that the £160k should be used to create a new insurance reserve to smooth the volatility between years of settling insurance claims, some of which can take many years to conclude. The need to maintain general reserves at an appropriate level continues to be supported by a comprehensive financial risk assessment, as detailed in **Appendix 4**, which highlights the extent to which the Authority may be exposed to uninsured and unbudgeted issues.

35. The latest forecast position on both general and current earmarked reserves at 31 March 2013 is summarised in **Table 7** below. However, a more detailed explanation of the risk assessment for general reserves, and details of the earmarked reserves, is set out in **Appendix 4**.

Table 7 - General and Earmarked Reserves				
	Opening Balance 1 April 2012 £'000	**Transfers out 2012/13 £'000**	**Transfers in 2012/13 £'000**	**Closing Balance 31 March 2013 £'000**
General Reserve	**4,356.3**	**0.0**	**48.0**	**4,404.3**
Earmarked Reserves:				
Business Continuity	500.0	0.0	0.0	500.0
Fire Control	575.2	0.0	0.0	575.2
Museum	45.1	0.0	0.3	45.4
Government Grant	1,487.0	-551.2	16.8	952.6
Improvement & Efficiency	938.4	0.0	0.0	938.4
Infrastructure	14,069.9	0.0	4,047.1	18,117.0
Performance Reward Grant	679.2	-263.0	0.0	416.2
Rolling Budgets	954.5	-784.6	0.0	169.9
Total Earmarked Reserves	**19,249.3**	**-1,598.8**	**4,064.2**	**21,714.7**
Unapplied Capital Resources:				
Fire Control Grant	900.0	-145.0	0.0	755.0
Home Fire Risk Check Initiative	16.1	-16.1	0.0	0.0
Performance Reward Grant	725.2	-94.0	0.0	631.2
Capital Receipts	782.9	-778.4	990.2	994.7
Total Unapplied Capital Resources	**2,424.2**	**-1,033.5**	**990.2**	**2,380.9**
Total All Reserves	**26,029.8**	**-2,632.3**	**5,102.4**	**28,499.9**

Medium Term Financial Plan (MTFP) 2013/14 to 2015/16

36. In considering the 2013/14 budget proposals, Members need to be aware of any longer term impact on the Authority's financial standing. Accordingly, the 'Budget Book' attached at **Appendix 1** contains within it a summarised revenue MTFP, including the relevant assumptions, for Members to consider. Full details of the Authority's Capital Budget and Infrastructure Plan (which contains both revenue and capital projects) is also set out in **Appendix 1**. Elsewhere on this agenda is the Corporate Plan for the Authority. This plan will include a summary of the proposed budget for 2013/14 and a summary of the MTFP for the medium term.

37. **Spending total 2015/16** - Given that CSR 2010 was for a four year period ending in March 2015, the Government has indicated that during the first half of 2013 there will be a review to establish funding proposals for the 2015/16 financial year. Current indications seem to suggest that the funding cuts in 2015/16 are likely to follow the average trajectory of the last four years. Further announcements in relation to these cuts are expected during 2013.

38. **National Efficiency Review –** On 14 December 2012 the Authority received confirmation that the Fire Minister had commissioned a review of the existing efficiencies and operational improvements that are being undertaken in the delivery of the fire and rescue service across England, and to explore the potential for further efficiencies in the future. The outgoing Chief Fire and Rescue Adviser is undertaking this review and has highlighted a range of areas that he will be examining across the sector. It is expected that his report will be presented to Ministers in Spring 2013.

A Statement of Assurance by the Treasurer

39. Under Section 25 of the Local Government Act 2003 the the Director of Finance and Corporate Services, as the Treasurer to the Authority (and therefore its statutory Finance Officer), is required to give Members an opinion on the robustness of the budget estimates and the adequacy of reserves.

40. As for the rest of the public sector, the fire and rescue service will over the medium term see significant reductions to its funding levels. The current economic climate is unprecedented and no doubt more periods of uncertainty are yet to come. In addition, 2013/14 introduces some of the most far reaching changes to local government finance (business rate retention and Council Tax Benefit localisation) with a significant transfer of risk from central to local government. To mitigate against these risks, the budget for 2013/14 and later years has been prepared with this economic background in mind so as to avoid having to make reductions that would have an adverse impact on the delivery of front line services. The sound system of financial control within the organisation, the up to date financial system in operation, and the quality of internal and external audit reports means that the Director of Finance and Corporate Services is confident that the Authority is prepared to meet these challenges. At a time of uncertainty, reserves are of particular importance and each year the level of reserves is supported by a robust financial risk assessment. In conclusion, it is the Director of Finance and Corporate Services' opinion that the budget is robust and achievable and that the reserves are adequate

IMPACT ASSESSMENT

41. The draft budget proposals and associated recommendations contained within this report are considered to be necessary to achieve the Authority's stated aim and objectives by providing adequate financial support for delivery of the plans and to provide financial resilience.

42. In developing new policies, or proposals for new projects, an impact assessment is carried out to consider environmental benefits, health and safety issues, and equality and diversity considerations. Elements of the budget proposals are expected to have a positive impact and provide funding for a number of initiatives that will lead to improvement in these areas. Investment in Solar Panels and converting the remaining oil fuelled boilers to gas will reduce carbon emissions. A programme of new builds will also ensure that the service is in a position to provide an efficient and effective frontline service to the people of Kent and Medway.

43. The budget proposals have been subject to public consultation, the outcomes of which have been commented on, and taken into account during the production of the budget proposals presented for Members' approval.

RECOMMENDATIONS

44. Members are requested to:

44.1 Approve the transfer of the 2012/13 revenue budget underspend, currently forecast to be £959k, to the Infrastructure Reserve (para 3 and **Appendix 4** refer).

44.2 Approve a total requirement from Council Tax of £38,263k to be raised through the precept to meet the 2013/14 budget requirement (para 17 and Table 3 refer).

44.3 Approve the Council Tax as set out below for the listed property bands (paras 14, 18 and Table 4 refer).

Council tax Band	Annual Council tax
A	£45.30
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44.4 Approve the revenue budget proposals and the resulting net budget requirement for 2013/14 of £70,936k (paras 23, 24 and **Appendix 1** refer).

44.5 Approve the Capital Budget of £12,484k and consolidated Infrastructure Plan for 2013/14 together with the plans to use capital grant, capital receipts and revenue contributions to fund the expenditure (paras 25, 26 and **Appendix 1** refer).

44.6 Approve the Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paras 27, 28 and **Appendix 3** refer).

44.7 Approve the maintenance of General Reserves at a level equivalent to 6% of the net revenue budget over the medium term (para 34 and **Appendix 4** refer).

44.8 Approve the transfer of £160k from General Reserves into the new Insurance Reserve on 1 April 2013 and the creation of the new Local Government Resource Review Reserve (£500k) (paras 9, 12 and 34 refer).

44.9 Approve the Capital and Infrastructure Plans for the next three years (para 36 and **Appendix 1** refer).

44.10 Approve the assumptions being used to develop the medium term revenue financial plans for 2013-16 (para 36 and **Appendix 1** refer).